SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author:	Wolk, et al.	Analyst:	Jahna Alvarado	Bill Number:	SB 1272
Related Bills:	See Prior Analysis	Telephone:	845-5683	Amended Dates:	August 2 & August 16, 2010
		Attorney:	Patrick Kusiak	Sponsor:	

SUBJECT: Tax Expenditures/Add 7 Year Sunset

__X__ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended April 21, 2010.

_____ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

_____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended ____________________.

_____ FURTHER AMENDMENTS NECESSARY.

_____ DEPARTMENT POSITION CHANGED TO ____________________.

__X__ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 21, 2010, STILL APPLIES.

__X__ OTHER – See comments below.

SUMMARY

This bill would create certain requirements for bills introduced on or after January 1, 2011, that would create a new tax credit.

SUMMARY OF AMENDMENTS

The August 2, 2010, amendments made the following changes to the bill:

- Revised the requirement that affected bills include language that would repeal the new credit after seven years.
- Made technical, non-substantive changes.
- Added several coauthors.

The August 16, 2010, amendment modified the requirement that affected bills include a specified operative period and repeal language. As a result of the August 2 and August 16, 2010, amendments, the “This Bill” section has been revised and the department’s "Implementation Consideration" has been resolved. The remainder of the department’s analysis of the bill as amended April 21, 2010, still applies.

Board Position:			Legislative Director	Date
_______ S	_______ NA	_______ NP		
_______ SA	_______ O	_______ NAR	Brian Putler	8/24/10
_______ N	_______ OUA	___X___ PENDING		

ANALYSIS

THIS BILL

This bill would require bills introduced on or after January 1, 2011, that would create a new tax credit, to contain language that would specify:

- The specific goals, purposes, and objectives the new tax credit will achieve (e.g., a jobs credit that would provide an incentive for a company to hire a certain demographic);
- Detailed performance measures for the Legislature to use to measure whether the tax credit meets the goals, purposes, and objectives in the bill. For example, in the case of a jobs credit bill, performance measures could include the increase in the number of jobs available, or the number of individuals that would be targeted for employment;
- Data collection and reporting requirements that would allow the Legislature to evaluate whether the credit is meeting, failing to meet, or exceeding its goals, purposes, and objectives, including baseline data, to be collected and remitted in each year the credit is effective for the Legislature to measure the change in performance indicators, and the specific taxpayers, state agencies, or other entities required to collect and remit data; and
- The credit would cease to be operative seven taxable years after its effective date and would be repealed as of January 1 of the year following the end of the operative period.

LEGISLATIVE STAFF CONTACT

Legislative Analyst	Revenue Manager	Legislative Director
Jahna Alvarado	Monica Trefz	Brian Putler
(916) 845-5683	(916) 845-4002	(916) 845-6333
jahna.alvarado@ftb.ca.gov	monica.trefz@ftb.ca.gov	brian.putler@ftb.ca.gov